

CHAPTER 4

ADMINISTRATIVE CONTROL OF APPROPRIATIONS AND FINANCING OF
REQUIREMENTS0401 GENERAL

The Department of Defense Financial Management Regulation (DoDFMR), Volume 14 establishes the policy and procedures for administrative control of appropriations. This chapter describes the Army system of administrative control of funds. The procedures in this chapter are not intended to replace Volume 14 of the DoDFMR, but rather to provide additional guidance. This chapter also includes the accountant's responsibility, in the Planning, Programming, Budgeting and Execution System (PPBES) process, as well as the policy and procedures for identifying and handling any antideficiency violations. When the term accountant is used, it is to be used generically as either a managerial accountant or an operating accountant.

0402 ADMINISTRATIVE CONTROL OF APPROPRIATIONS040201. Responsibilities.

A. The Assistant Secretary of the Army for Financial Management & Comptroller (ASA(FM&C)) is responsible for determining whether an alleged violation of the antideficiency statutes is reportable to the Office of the Secretary of Defense (OSD) under the provisions of the DoDFMR, Volume 14. The ASA(FM&C) is also responsible for processing alleged violations for the Department of the Army (DA) under the provisions of Army Regulation (AR) 10-5, Organization and Functions - Department of Army.

B. The Army General Counsel (AGC) will review and coordinate all reports of alleged violations.

C. The Office of ASA(FM&C) may request appropriation/fund managers and sponsors and Headquarters Department of the Army (HQDA) agency directors to review cases within their functional areas to assist the ASA(FM&C) in technical and legal reviews.

D. When directed by the Secretary of the Army (SA) or the Chief of Staff of the Army (CSA), or requested by the ASA(FM&C), the Inspector General (IG) will investigate alleged violations that involve elements of the ASA(FM&C). If elements of the ASA(FM&C) are involved, the Under Secretary of the Army, with the advice and counsel of the AGC, will determine whether a reportable violation has occurred.

E. When an apparent violation is discovered, the commander of the organization or agency whose funds are involved will follow the processing and reporting requirements provided in paragraph 040204.

F. The accountant will:

1. Be aware of the Program and Budget Guidance (PBG) document details that support the objectives of the installation management system.
2. Review the activity's accounting structure to determine if the structure provides the needed reporting visibility that management requires.
3. Review the activity's current accounting policies and procedures to determine if the accounting system can provide the information needed by the activity directors to manage their programs.
4. Use accounting principles, procedures, and reports to evaluate any assumptions or interpretations made by the activity directors.
5. Regularly attend the Working Program and Budget Advisory Committee (WPBAC) or Budget Execution Committee meetings. Also, the accountant will act as an advisor to the committee chairman to interpret conditions affecting accounting reports and discuss any changes in accounting policies that may affect budget projections.
6. Provide recurring financial reports to installation activities for monitoring and controlling their utilization of resources.
7. Ensure that changes in funding are recorded promptly and accurately. Continuous monitoring and analysis will identify problems that need management attention. This analysis may detect:
 - a. Funding deficiencies:
 - (1) Budget authority shortages.
 - (2) Annual funding program inadequacies.
 - (3) Cash shortages.
 - b. Operational deficiencies:
 - (1) Internal control weaknesses.
 - (2) Untimely processing of funding documents.
 - (3) Inaccurate processing of funding documents.
 - (4) Document flow problems.

8. Ensure that activity directors and budget analysts know how their actions affect financial data, and will ask for their support in resolving problem areas including:

- a. Obligations in excess of available funds/targets.
- b. Obligations in excess of annual funding programs.
- c. Potential funding shortages in a given area.
- d. Significant upward and downward adjustments to obligations after account expiration.
- e. Reimbursable orders executed in excess of funded reimbursable authority (FRA).
- f. Reimbursable orders executed without authority on the funding document.

9. Assure the accuracy of fund control records through evaluation of reported data.

10. Perform continuous oversight responsibilities to help keep the public trust and confidence.

11. Use commitment ledgers to verify fund availability (positive knowledge) before creating an obligation, and promptly record valid obligations incurred.

12. Establish appropriation and fund accounts as directed in the DoDFMR, Volume 2, paragraph 0106, and establish applicable standard general ledger accounts for each reporting entity (see Chapter 6).

040202. Fund Control.

A. Distribution of funds, 31 United States Code (U.S.C.) 1514, Administrative Division of Apportionments, requires agencies to prescribe by regulation a system of administrative control not inconsistent with accounting procedures prescribed by law (see DoDFMR, Volume 14, Appendix B). The Program and Budget Accounting System (PBAS) is the vehicle for controlling receipt and distribution of funds within the Army. This includes all formal fund distributions at HQDA, operating agencies (OAs), and installation levels, and informal distribution made by OAs under the Fund Allowance System (FAS). PBAS issues both fund authorization documents (FADs) and FAS documents. Distribution of targets or allowances to installation activity directors, satellites, and other activities which are made outside of PBAS must be documented and delegated in writing.

B. Fund control is the authority exercised over the receipt, distribution, use, and management of budget authority appropriated to, or administered by, the Army to ensure that:

1. Funds are used only for authorized purposes.
2. Funds are used economically and efficiently.
3. Distributions, commitments, obligations, and expenditures do not exceed amounts authorized and available.
4. Distribution, obligation, or disbursement of funds is not reserved or otherwise withheld without congressional knowledge and approval. This does not preclude deferral or withholding action to provide reserves for contingencies or reprogramming within delegated authority.

C. Fund control includes all systems and operational procedures used in this process.

D. Fund control systems and administrative procedures will:

1. Provide for segregation of duties in the fund distribution, obligational, and disbursement process.
2. Require clear delegation of all funding authority in writing to lower echelon officials.
3. Perpetuate administrative and statutory limitations established by higher authority.
4. Distribute, monitor, and control funds at the highest level possible.
5. Establish appropriate reserves or other withholding of funds for contingencies.
6. Ensure that fund withdrawals are appropriately coordinated before being made.
7. Control FRA and automatic reimbursable authority (ARA) on funding documents.
8. Provide a mechanism to update amounts available. This includes preventing and detecting over-distribution, over-commitment, over-obligation, and over-disbursement of funds at appropriate levels.

E. Accountants involved in budget, finance, and accounting will be familiar with the provisions of the DoDFMR, Volume 14, and the Antideficiency Act (31 U.S.C. 1517) and how it relates to informal and formal subdivision of funds.

040203. Antideficiency Violations.

A. Antideficiency violations are described in detail in the DoDFMR, Volume 14. In addition, an antideficiency violation occurs when a statutory limitation is exceeded by more than the stated reprogramming authority (31 U.S.C. 1517(a)(2) as follows:

1. At budget line level for unexpired Army Procurement Appropriations.

2. At program element level for unexpired Research, Development, Test and Evaluation (RDT&E) appropriation.

3. At budget activity/project level for unexpired Military Construction and Family Housing Construction appropriations.

B. Antideficiency Act violations concerning charges in current appropriations for obligations which otherwise would have been properly chargeable to a canceled appropriation are discussed in the DoDFMR, Volume 14, Chapter 2.

1. Do not use unexpired funds issued as an allowance/allocation/allotment subject to the one percent limitation for purposes other than making valid payments for obligated balances canceled.

2. Only use funds issued subject to the one percent limitation to make payments for canceled account payments. Using any other unexpired funds for this purpose may result in an Anti-deficiency Act violation.

C. Foreign Military Sales (FMS) trust fund authority execution is subject to violation reporting.

D. If a foreign currency fluctuation disbursement exceeds a statutory limitation solely because of foreign currency fluctuations, but remains within the appropriation limits, the statutory limit will be increased. As long as the obligated amount at the budget rate does not exceed a statutory limitation, there is no violation.

E. If a violation occurs due to withdrawal of funds in excess of available balances, the person who authorized or directed the withdrawal is responsible.

F. Over-obligation of funds caused by inaccurate estimates or failure to reserve enough funds for contingent liabilities is a violation.

G. Most correspondence pertaining to reports of alleged violations is exempt from mandatory release under the Freedom of Information Act. If the correspondence is exempt, mark it "FOR OFFICIAL USE ONLY", according to AR 25-55, The Department of the Army Freedom of Information Act Program.

040204. Processing Requirements.

A. Except as noted in paragraph 040204.J below, upon learning of or detecting a possible violation, the individual concerned will inform the Director for Resource Management (DRM) at the serviced activity or the person holding the equivalent position. The DRM will immediately notify the commander responsible for the allowance/allotment involved in the alleged violation.

B. The commander will send a report of preliminary review through the chain of command to the ASA(FM&C). Prepare the flash report in accordance with the DoDFMR, Volume 14, Chapter 3, and send it by priority message within 15 business days of the date of discovery. The flash report will include the following information:

1. Accounting classification of funds involved.
2. Name and location of the activity where the alleged violation occurred.
3. Name and location of the activity issuing the fund authorization, if different than subparagraph 2 above.
4. Amount of fund authorization or limitation that was allegedly exceeded.
5. Amount and nature of the alleged violation.
6. Date the alleged violation occurred and date discovered.
7. Means of discovery.
8. Name, organization, phone numbers, and email address of the investigator(s) conducting the preliminary review.

C. Intermediate (e.g., Major Army Commanders (MACOM)) commanders or equivalent allotment holder in receipt of delegation of funding authority will:

1. Review the flash report, preliminary report and final report of alleged violation for compliance with this regulation and the DoDFMR, Volume 14, Chapter 7.
2. Return the report for corrective action if:

- a. The report is incomplete.
- b. Corrective action is inadequate, or
- c. The reported evidence does not support the findings and recommendations.

3. State in their forwarding endorsements whether they concur with the findings and recommendations in the report.

D. Selection of an investigating officer is covered in DoDFMR, Volume 14, Chapter 4.

E. Reports will be prepared according to the DoDFMR, Volume 14, Chapter 7.

F. AR 27-10, Military Justice will be followed, if applicable. This regulation implements a memorandum of understanding (MOU) between the Department of Defense (DoD) and the Department of Justice. It outlines areas of responsibility for investigation and prosecution of offenses where the two departments have concurrent jurisdiction.

G. Commanders will submit a Serious Incident Report (see AR 190-40, Serious Incident Report) if appropriate.

H. The ASA(FM&C) will:

- 1. Upon receipt of the flash report:
 - a. Record the alleged violation.
 - b. Assign a control number by fiscal year (FY) and notify the submitter.
- 2. Upon receipt of a report of alleged violation (except for those cases identified in subparagraph 040204.J below):
 - a. Review it for completeness according to the DoDFMR, Volume 14, Chapter 7.
 - b. Require additional information from the reporting activity, as needed.

3. Decide whether the allegation is a violation reportable to DoD in accordance with the DoDFMR, Volume 14 and forward the applicable reports.

4. Notify the reporting activity of the final disposition of the case.

5. Submit status reports in accordance with the DoDFMR, Volume 14, Chapter 6.

I. The IG will:

1. Investigate alleged violations that implicate members of ASA(FM&C) when requested by the ASA(FM&C) or directed by the SA or CSA.

2. If the investigation indicates a probable violation, advise SA and provide a report of investigation to the ASA(FM&C) for preparation of the report of violation. The ASA(FM&C) coordinates the completed report of violation with the AGC and forwards it to the Under Secretary of the Army, who determines whether a violation occurred that must be reported to the Defense Finance and Accounting Service (DFAS).

J. The AGC will:

1. Review all reports of violation required by the DoDFMR, Volume 14, Chapters 3, 6 and 7.

2. Prepare a legal review of all aspects of alleged violations occurring in HQDA before presenting the report to the person named responsible and sending it to the ASA(FM&C).

K. Appropriation sponsors/managers and heads of Army staff agencies will:

1. Review cases within their functional areas, as necessary, to help the ASA(FM&C) complete technical and legal reviews.

2. Determine whether the appropriation involved is in a deficit position.

3. Begin action to fund any deficit.

4. Determine and implement necessary corrective actions.

L. Exceeding an Allowance.

1. Installation/Activity Level. Upon detecting or learning that a fund allowance was exceeded, the responsible official will promptly inform the commander who will send a report of preliminary review in accordance with paragraph 040204.B. The report will

include the corrective action being taken to obtain relief (reprogramming, recovery scrubs, reviewing order performance, modifying existing contracts/orders, requesting additional funding, etc.).

2. Operating Agency (OA) level. Major commands are responsible for establishing procedures for administering allowances. If sufficient funding cannot be obtained and a formal subdivision of funds is exceeded, prepare a report of preliminary review in accordance with paragraph 040204.B of this chapter within 5 days after discovery by the OA.

040205. Penalty for Violation of Antideficiency Statutes. Penalties are defined in the DoDFMR, Volume 14, Chapter 9.

0403 FINANCING OF REQUIREMENTS

040301. General Operating Agencies (GOAs).

A. Specific Allowance or Allotment. The specific allowance/allotment is direct obligation authority issued to an installation or activity to accomplish mission objectives and provide base operation services. The GOA's allowance/allotment is the source of funds for distributing direct allowances/ allotments to installations/activities. Direct allowances/allotments are provided in specific dollar amounts for a specified time period, are available for obligation with the effective date of the FAS/FAD, and are subject to restrictions identified on the FAS/FAD. See Chapter 3 for more information.

B. Centrally Managed Allotments (CMAs). CMAs are established to finance activities for which centralized controls are more practical. Special open allotments and restricted open allotments are types of funding that are included under the CMA definition (see DFAS-IN Manual 37-100-FY for accounting classification identification). Examples of CMAs include military pay and allowances and foreign currency fluctuation. The ASA(FM&C) must approve all CMAs each fiscal year.

040302. Installation/Activity Level. See Chapter 3 for the use of allowances and allotments. See Chapter 12 for the use of reimbursable orders and direct fund cites. See AR 725-50 for the use of Military Standard Requisitioning and Issue Procedure (MILSTRIP) requisitions.

040303. Foreign Currency CMAs. Payments in selected foreign currencies for Army obligations may result in gains or losses because of fluctuations in the value of the U.S. Dollar in relation to foreign currencies. Use foreign currency fluctuation accounts to offset the effect of these fluctuations. Charge losses or gains between amounts obligated at the specified budget rate and the amount disbursed at the actual rate of exchange on that day to the foreign currency fluctuation CMA. This procedure stabilizes the execution in the funding appropriation. The Administrative Assistant to the Secretary of the Army, OA 22, manages the foreign currency fluctuation CMA for the Operations & Maintenance (O&M) appropriation. The Corps of Engineers, OA 08, manages the foreign currency fluctuation CMA for the Military

Construction (MILCON), the North Atlantic Treaty Organization (NATO) Infrastructure, and the Army Family Housing-OMA appropriations. For the O&M foreign currency account, use a model to project funding requirements to ensure that the account remains solvent. See DFAS-IN Manual 37-100-FY for appropriations and currencies authorized.

040304. Working Capital/Revolving Funds. Revolving funds are generally designed to be free of the appropriation cycle, giving management the financial authority and flexibility to adjust operations. Funding to support the revolving fund is not tied to a particular fiscal year. The funds operate under a buyer/seller or provider/customer relationship concept. That is, the revolving funds sell products or services at a fixed or standard price to the customer. There are several revolving funds in use within the Army. For example; Defense Working Capital Fund (DWCF) Depot Maintenance Areas (DMA), DWCF Supply Management, Army (SMA), and Working Capital Fund, Army Conventional Ammunition.

040305. Additional Financing Information for Army Working Capital Fund Installations.

A. Finance the following with appropriated funds:

1. Maintenance and repair of real and personal property costing over the amount specified in AR 420-10, Management of Installation Directorates of Engineering and Housing.
2. Items meeting the DoD capitalization criteria for use by major ranges and test facility bases.
3. Military personnel services.
4. Military support functions and tenant support functions.
5. Aircraft, ships, and general purpose passenger vehicles.
6. Equipment to meet mobilization requirements when no, or limited, peacetime applications exist.
7. Equipment initially procured and usually furnished by the weapons system manager as part of a weapon system or support system.
8. DWCF depot maintenance operations.
9. Construction projects costing more than the maximum allowed for Army DWCF depot maintenance activities, as specified in AR 415-15, Appendix C, Army Military Construction Program Development and Execution.

10. Construction projects, regardless of cost, to meet mobilization requirements with no, or limited, peacetime application.

11. Construction projects, regardless of cost, for a tenant activity, military support function, or other activity designated by the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)), even though the Army DWCF depot maintenance financial system is used.

B. Special or single purpose machinery authorized by customer orders may be financed from Army DWCF depot maintenance funds, pending full recovery as a cost of such orders. This equipment is the property of the customer and must be disposed of according to the customer's instructions or those of the Defense Industrial Plant Equipment Center (DIPEC) or the National Inventory Control Point (NICP), as appropriate.

C. Finance repair and maintenance of plant and equipment, resulting from catastrophe, or "Act of God", costing over \$300,000 with the appropriations of the managing command. If caused by a person not in a contractual relationship with the U.S. Government, finance using the Army DWCF depot maintenance funds and carry as a receivable pending recovery.

D. Charge maintenance and minor repair costing less than limits specified in AR 420-10, Management of Installation Directorates of Public Works to operations and include in the cost of products and services.